



NEWSLETTER

NORTH CAROLINA DISTRICT OFFICE

May 2007

Small Business Award Winner

Asheville-Buncombe Development Corporation (ABDC) of Weaverville, NC was honored by the SBA in Washington, DC last month for outstanding small business lending performance and commitment to assisting small business with their financing needs. ABDC was named The National Small 504 Loan Lender of the Year.

Business Preparedness Summit

Are your clients ready for a disaster? Do they have enough insurance? How and where will they continue operations if a disaster strikes?

Please let them know about the upcoming Charlotte Regional Business Preparedness Summit taking place in Charlotte, NC on Tuesday, May 22, 2007 from 8:30am – 4:00pm at the University of North Carolina at Charlotte.

The U.S. Department of Homeland Security and the U.S. Chamber of Commerce, in cooperation with the Charlotte Chamber and the City of Charlotte, are offering this Summit to increase engagement of business owners and operators on the importance of business continuity planning, emergency response coordination and pandemic flu preparedness. Homeland Security Assistant Secretary Alfonso Martinez-Fonts and Assistant Secretary for the Office of Health Affairs Dr. Jeffrey Runge are featured speakers. Also participating are Charlotte-Mecklenburg Emergency Management, NC Department of Health and Human Services, American Red Cross and FEMA.

The event is free, however an RSVP is required. To RSVP for the Charlotte Regional Business Preparedness Summit please visit:
<http://www.charlottechamber.com/summit/>

Small Banks Profit From Relationship Lending

Market valuations of smaller publicly-held banks are higher than they would otherwise be due to their investment in relationship lending. Study shows that for smaller banks it is worth the time and effort to invest in relationship lending. The market values the added profit that comes from personally knowing small business customers, and being able to offer them loans and services not obtainable from other banking organizations.

Many times small firms have little or no collateral and younger firms do not have a credit history on which to base banking decisions. These firms may be excluded from “transactional” financing decisions that require credit scoring and other analysis of hard data used to evaluate the credit worthiness of the business and its owner.

On the other hand, “relationship” lending relies on the formation of bank-firm relations, and requires an investment by the bank in costly information acquisition and processing as well as the monitoring of firm activities. Such investments result in somewhat higher fees and interest rates for the small business customer to offset the cost of these banking activities.

Small business lending is a profitable market niche for small publicly traded banking organizations. The evidence is consistent with these banks having a comparative advantage in originating and monitoring small business loans compared to larger banking organizations.

Memorial Day



Active Lender Rankings FY 2006 YTD: October 1, 2006 – April 30, 2007

	7(a)		504	504
Lender	Approvals	Gross 7(a) \$'s	Participation Loans	Participation \$'s
Bank of America	182	\$ 4,780,000	4	\$ 2,747,175
Superior Financial Group	157	\$ 1,367,500		
Capital One Federal Savings	102	\$ 5,035,000		
BB&T	52	\$ 15,449,300	2	\$ 3,022,000
Business Loan Center	47	\$ 7,092,400		
Innovative Bank	39	\$ 575,000		
Wachovia	36	\$ 18,214,400	4	\$ 3,824,001
CIT	34	\$ 17,932,700	1	\$ 506,000
Surrey Bank & Trust	32	\$ 3,401,500		
Bank of Granite	29	\$ 4,658,800		
Self Help Credit Union	26	\$ 1,585,500		

Certified Development Corps.		
Self-Help Ventures Fund	41	\$ 21,019,000
BEFCO	19	\$ 11,312,000
Centralina Dev.	16	\$ 9,378,000

Reminder: “Small Business Days” Schedule

The North Carolina District Office is offering “Small Business Days” at the following chambers. “Small Business Days” will offer chamber members and other small business owners the opportunity to discuss SBA loan programs with an SBA Marketing and Outreach Specialist. The Chamber will schedule the appointments for the business owners.

Location	Day	Hours	Phone Number
Cary	Third Wednesday	10 a.m.- 2 p.m.	919-467-1016
Charlotte	Fourth Tuesday	9 a.m. - 4 p.m.	704-344-6563
Gastonia	Second Tuesday	9 a.m. - 1 p.m.	704-864-2621
Greensboro	First Tuesday	10 a.m.- 2 p.m.	336-510-1234
Hendersonville	Third Friday	10 a.m.- 2 p.m.	828-692-1413
Hickory	Third Tuesday	10 a.m.- 2 p.m.	828-328-6000 x224
Mooresville	First Thursday	9 a.m. - 2 p.m.	704-664-3898
Salisbury	Fourth Wednesday	9:30 a.m. - 2 p.m.	704-633-4221

Training Activities and Events

Let us help you promote your training activities and seminars. We can post them to our website calendar. Four weeks lead-time is required. E-mail updates to april.gonzalez@sba.gov or call (704) 344-6811.

Financing Your Startup Business With Venture Capital

By AllBusiness.com

Venture capitalists raise money from various institutional and pension fund investors to back start-up and growing companies that show strong potential to develop and to turn a profit. Venture capital firms go through a process of raising funds from foundations, endowment funds, retirement funds, corporations, and foreign investors. Similar to a mutual fund, a venture capitalist firm pools investment dollars and then looks for solid investments.

Most often, venture capitalists look for very big returns, making them more selective than angels who may invest in smaller businesses. They are devoted to raising money for new and emerging business ventures so they want to maintain a strong track record in raising funds for successful companies. Therefore, they are most often seeking to invest in companies that will grow quickly and see large profit margins. Venture capitalists generally invest in several businesses at a time to limit their risk. Typically, they will also become involved in the business, providing their experience and expertise in the industry. This is, in part, because unlike angels who are investing their own money, the venture capitalist firm is investing the money of other people or institutions. Like most other types of financing, venture capital is usually part of the equation. A venture capital firm may want to know that there are other sources of funding. In many cases, venture capitalists look at the long-term picture and if the business grows according to the plan, it may receive several rounds of funding. However, the business must account for how all funding has been used and follow the goals and plans set forth in accordance with the previous round(s) of financing.

There are also various types of venture capitalists. Some will focus on providing seed money for a new business venture, while others will come in only later on in the development of the business. Venture capitalists may specialize by investing in specific industries or types of businesses. They may only serve a specific geographic region or only provide funds for expansion purposes of an existing business. It is important that you research the investing criteria of a venture capital firm before approaching them. It is also imperative that you be thoroughly prepared before meeting with such a venture capitalist. This means you will need to present a well-honed business plan and, as is the case with most potential investors, be able to provide all the difficult requests and questions surrounding the business. These include: Having a clear vision of the business and being able to articulate that vision. Understanding potential obstacles that you may encounter and having plans for dealing with such obstacles or setbacks. Having a clear idea of how long it should take to show a profit. Presenting a strong and experienced management team. Providing a well-planned marketing strategy that defines your target market and how you plan to reach them. Demonstrating enthusiasm and confidence that your business can meet any challenges and succeed against them. Presenting a large market opportunity. Showing proprietary technology or rights.

If a venture capital firm is interested in your business, it will do its own due diligence and evaluate the background and history of the management team, the financial projections, and the market in which the business is involved. A venture capital firm might be interested in providing seed money to a new business but may hesitate if, for example, they become aware of potentially steep competition in the marketplace. All potential investors will do research to determine the validity of their investment. Venture capitalists may go farther and dig deeper since they are usually dealing in larger amounts of money and are responsible to many investors. Therefore, be ready to hand over all documentation requested, ranging from your Bylaws to recently executed contracts so that they can evaluate your business thoroughly. If all goes well and a venture capitalist is interested in working with you, a term sheet will be issued. This is a proposed contract of sorts, which includes how much the venture capitalist is willing to invest, the conditions of the investment, and how the money is expected to be used. A lawyer should be present who is familiar with reviewing such term sheets and negotiating this type of deal.

Checklist: What venture capitalists look for if you hope to attract the attention of venture capital firms, you will need to have most - if not all - of these factors in your favor.

Strong management. A growing market. A differentiated product. The potential to be an IPO candidate or acquisition target. Sound business plan. Significant gross profit margins.

Small Business Person of the Year

Get a jump on 2008! Do you know a deserving individual that may be the next Small Business Person of the Year or a Small Business Champion? Contact Mike Ernandes at 704-344-6588 or mike.ernandes@sba.gov. Please include the name and contact information of the nominee.

Small Business Loans

Does your client need a small business loan? Does he or she have a start up business and need a loan under \$15,000? Do you know about the CommunityExpress Loan Program? These loans serve women, minorities, veterans and low to moderate income areas. Our training calendar is your source for the workshops in your area.

These workshops offer on the spot loan applications and assistance with the application. Local technical assistance providers are available to answer questions and accept applications.

Have you attended one of these workshops? Check out our web calendar for the workshop in your area. For more information on the CommunityExpress Loan Program and the technical assistance providers go to: www.sba.gov/nc/nc_communityexpressnc.html.

Give Us Your Success Stories

We are looking for borrowers to participate in the SBA's SUCCESS STORY program. Do you know an SBA client that meets the criteria below? Would you like to showcase your organization on our website? The Success Story Database is a listing of small businesses that have received SBA assistance.

This list is used to provide information on these small firms to local and national media. These newspapers, radio and TV stations may use this information for profiles, special interest and other types of stories. The SBA also uses this list to highlight local firms while doing radio and TV interviews.

Success story firms should:

- Be in business for at least 3 years
- Show an increase in the number of employees or growth in revenues
- Provide examples of contributions to the community

Please call Mike Ernandes at 704-344-6588 or e-mail mike.ernandes@sba.gov with the name and contact information of any firms that you think might be interested in increased media opportunities.

Have You Viewed The SBA Training and Events Calendar?

Do your clients need to write a business plan? Learn how to advertise effectively? Need financing to start or expand their businesses? Our training calendar has workshops, classes, events and programs to meet your client's needs. New spring schedules will be starting. Have you surfed over lately?

Online Training

The North Carolina District Office offers SBA Programs and Services Training every Friday. From 9 to 10 a.m. and again at 12:30 to 1:30 p.m., an SBA District employee will provide live training through "Ready Talk" software. Your clients can call in and sign into the website for a live PowerPoint presentation.

SBA loan programs, counseling, and government contracting will be highlighted. This can be a useful tool for you to refer to your start-up clients. It can also be a refresher course for you and your fellow counselors.

Go to: www.sba.gov/nc/trainonline.html to register and for more information.

North Carolina Resource Guide

Due to the limited supply of the 2007 Resource Guides, co-sponsored by Reni Publishing and the SBA, the guides are available online for you and your client. Go to: www.reni.net/guides and click on North Carolina.

Quote of the Month

You're never beaten until you admit it.

- George S. Patton